

AL TAJAMOAT FOR TOURISTIC PROJECTS COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2017



Building a better
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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF
AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed financial statements of Al Tajamouat for Touristic Projects Company Public Shareholding Company ("the Company") as at 30 September 2017, comprising of the interim statement of financial position as at 30 September 2017 and the related interim statements of comprehensive income, changes in equity and cash flows for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matters

The financial statements for the year ended 31 December 2016 and the interim condensed financial statements for the period ended 30 September 2016 were audited and reviewed by another auditor. Unqualified opinion and unqualified conclusion were issued on these financial statements on 6 February 2017 and 27 October 2016 respectively.

Amman – Jordan
31 October 2017

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	<u>Notes</u>	30 September 2017 (Unaudited) JD	31 December 2016 (Audited) JD
Assets			
Non-current assets			
Property and equipment	4	33,831	43,124
Investment properties	5	131,031,907	133,445,029
Deferred tax assets	6	104,750	122,000
Cheques under collection-long term		552,505	314,644
Total non-current assets		<u>131,722,993</u>	<u>133,924,797</u>
Current assets			
Assets held for sale	7	5,519,545	5,519,545
Trade receivables		3,952,830	3,625,545
Other current assets		2,013,189	2,037,757
Cheques under collection-short term		3,739,419	2,152,962
Cash on hand and at banks	9	1,128,705	193,128
Total current assets		<u>16,353,688</u>	<u>13,528,937</u>
Total assets		<u>148,076,681</u>	<u>147,453,734</u>
Equity and liabilities			
Equity			
Paid in Capital	1	100,000,000	100,000,000
Share discount		(7,000,000)	(7,000,000)
Statutory reserve		1,092,789	1,092,789
Retained earnings		4,983,359	2,042,117
Net equity		<u>99,076,148</u>	<u>96,134,906</u>
Liabilities			
Non-current liabilities			
Syndicated loan-long term	10	30,133,536	34,242,654
Deferred cheques- long term		179,606	-
Unearned revenue- long term		298,940	705,675
Lessees refundable deposit		841,993	809,391
Total non-current liabilities		<u>31,454,075</u>	<u>35,757,720</u>
Current liabilities			
Syndicated loan- short term	10	3,874,515	5,478,824
Trade payables and other current liabilities		3,545,216	3,264,420
Deferred cheques - short term		778,759	537,462
Unearned revenue - short term		9,257,073	6,182,391
Due to related parties	8	90,895	98,011
Total current liabilities		<u>17,546,458</u>	<u>15,561,108</u>
Total liabilities		<u>49,000,533</u>	<u>51,318,828</u>
Total equity and liabilities		<u>148,076,681</u>	<u>147,453,734</u>

The attached notes from 1 to 14 form part of these interim condensed financial statements

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Notes	For the three-months ended		For the nine-months ended	
		30 September		30 September	
		2017	2016	2017	2016
		JD	JD	JD	JD
Revenues					
Rents revenues		3,939,704	4,068,213	11,659,300	12,173,434
Cost of revenues		(1,152,207)	(1,194,560)	(3,347,644)	(3,553,489)
Depreciation of investment properties	5	(827,255)	(826,665)	(2,480,750)	(2,478,179)
Gross profit		1,960,242	2,046,988	5,830,906	6,141,766
Depreciation of property and equipment	4	(3,083)	(4,315)	(9,293)	(14,087)
Finance cost		(612,472)	(820,556)	(1,845,311)	(2,536,135)
Administrative expenses		(200,137)	(202,736)	(620,338)	(626,922)
Provision for doubtful debts - net		(188,500)	(136,050)	(341,705)	(272,379)
Other income		(6,189)	5,038	9,948	8,310
Profit for the period before Income Tax		949,861	888,359	3,024,207	2,700,553
Income tax expense for the period	6	(32,967)	(12,295)	(82,965)	(29,395)
Profit for the period		916,894	876,064	2,941,242	2,671,158
Other comprehensive income		-	-	-	-
Total Comprehensive Income for the period		916,894	876,064	2,941,242	2,671,158
Earnings per share	11	0.010	0.009	0.030	0.027

The attached notes from 1 to 14 form part of these interim condensed financial statements

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Paid in capital		Share premium		Share discount		Statutory reserve		Retained earnings (accumulated losses)		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the nine-month period ended 30 September 2017												
Balance as of 1 January 2017	100,000,000	-	-	(7,000,000)	-	1,092,789	2,042,117	96,134,906				
Total comprehensive income for the period	-	-	-	-	-	-	2,941,242	2,941,242				
Balance as of 30 September 2017	100,000,000	-	-	(7,000,000)	-	1,092,789	4,983,359	99,076,148				
For the nine-month period ended 30 September 2016												
Balance as of 1 January 2016	100,000,000	200,714	-	(7,000,000)	-	782,540	(912,891)	93,070,363				
Total comprehensive income for the period	-	-	-	-	-	-	2,671,158	2,671,158				
Accumulated losses write-off*	-	(200,714)	-	-	-	-	200,714	-				
Balance as of 30 September 2016	100,000,000	-	-	(7,000,000)	-	782,540	1,958,981	95,741,521				

* The General Assembly approved in their extraordinary meeting held on 14 April 2016 to write-off an amount of JD 200,714 of the accumulated losses balance as of 31 December 2015 against the share premium balance amounted to JD 200,714.

The attached notes from 1 to 14 form part of these interim condensed financial statements

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
 INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Notes	For the nine-months ended 30 September	
		2017 JD	2016 JD
<u>Operating Activities</u>			
Profit for the period before income tax		3,024,207	2,700,553
Adjustments			
Depreciation of property and equipment	4	9,293	14,087
Depreciation of investment properties	5	2,480,750	2,478,179
Interest income		(5,422)	-
Finance cost		1,845,311	2,536,135
Provision of doubtful debts - net		341,705	272,379
Changes in Working Capital Items:			
Cheques under collection		(1,824,318)	(61,551)
Restricted cash		(76,770)	(57,077)
Trade receivable		(668,990)	(2,307,126)
Other current assets		24,569	(123,293)
Deferred cheques		420,903	818,857
Unearned revenue		2,667,947	1,496,299
Trade payables and other current liabilities		330,870	(528,292)
Lessees refundable deposits		32,602	24,809
Net cash flows from operating activities		8,602,657	7,263,959
<u>Investing Activities</u>			
Interest received		5,422	-
Purchase of property and equipment	4	-	(3,605)
Purchases of investment properties	5	(67,628)	(479,403)
Net cash flows used in investing activities		(62,206)	(483,008)
<u>Financing Activities</u>			
Bank loans payments		(5,713,427)	(4,109,118)
Due to related parties		(7,116)	3,313
Interest paid		(1,961,102)	(2,536,135)
Net cash flows used in financing activities		(7,681,645)	(6,641,940)
Net increase in cash and cash equivalents		858,807	139,011
Cash and cash equivalents at the beginning of the period	9	178,906	563,858
Cash and cash equivalents at the end of the period		1,037,713	702,869

The attached notes from 1 to 14 form part of these interim condensed financial statements

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(1) GENERAL

AL-Tajamouat for Touristic Project Company was incorporated during the year 1983 as a Public Shareholding Company. The Company's paid in capital is JD 100,000,000 with each share having a par value of JD 1.

The Company's main activity is owning and operating "TAJ Lifestyle Center" in Abdoun area in Amman – Jordan.

The condensed interim financial statements were approved by the Board of Directors on 30 October 2017.

(2) BASIS OF PREPARING THE CONDENSED INTERIM FINANCIAL INFORMATION

The interim condensed financial statements for the nine-month period ended 30 September 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The Jordanian Dinar is the functional currency of the interim condensed financial statements which represents the Company's functional currency.

The interim condensed financial statements have been prepared under the historical cost convention.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as of 31 December 2016. In addition, the results for the nine-month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Company's interim condensed financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognized Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's interim condensed financial statements.

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(4) PROPERTY AND EQUIPMENT

During the nine months ended 30 September 2017 there were no additions to the property and equipment (30 September 2016: JD 3,605). The depreciation expense for the period ended 30 September 2017 was JD 9,293 (30 September 2016: JD 14,087).

(5) INVESTMENT PROPERTIES

This balance represents the properties owned by the company that includes the land of the mall (Taj Life Style).

The additions to the investment property during the nine-month period ended 30 September 2017 amounted to JD 67,628 (30 September 2016: JD 479,403). The depreciation expense was JD 2,480,750 during the nine-month period ended 30 September 2017 (30 September 2016: JD 2,478,179).

The fair value of the investment properties amounted to JD 134 Million as at 31 December 2016 which is approximately equal to its book value. The fair value was estimated by an independent valuator through discounting the forecasted cash flows from Taj Life Style operations using an appropriate discount rate.

The investment properties are pledged against the syndicated loan (note 10).

(6) DEFERRED TAX ASSETS AND INCOME TAX

The provision for income tax for the nine months period ended 30 September 2017 was calculated in accordance with Jordanian Income Tax Law No. (34) of 2014.

The major components of income tax expense in the interim statement of comprehensive income are:

	For the nine months ended 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Current year income tax charge	65,715	-
Prior year income tax charges	-	3,745
Deferred income tax	17,250	25,650
	<u>82,965</u>	<u>29,395</u>

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(6) DEFERRED TAX ASSETS AND INCOME TAX (CONTINUED)

The movement on the deferred tax assets for the period is as follows:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Beginning balance for the period/year	122,000	156,200
Amortization of deferred tax assets during the period/ year	(17,250)	(34,200)
	<u>104,750</u>	<u>122,000</u>

The deferred tax assets balance for the period ended 30 September 2017 was calculated on the carried forward losses approved by Income and Sales Tax Department using the effective tax rate at 20% in accordance with the Income Tax Law (34) for the year 2014.

Income tax assessments have been agreed with the Income Tax Department for all the years up to 31 December 2014. The Company submitted its income tax returns for the years 2015 and 2016; however, no final settlement has been reached with the Income and Sales Tax Department for these years.

The Income and Sales Tax Department reviewed the sales tax declaration up to 30 September 2013. Final agreement was reached for this period. The Company objected to some amounts. In the opinion of the Company's management and tax advisor, the Company will not have any obligations in this respect and that existing provisions are adequate to meet tax obligations.

(7) ASSETS HELD FOR SALE

The Company has reclassified the plots of land, no. (817) parcel no. (29), no. (488) parcel no. (28) and no. (161) parcel no. (27) located opposite to Taj Life Style which were previously classified as investment properties to assets held for sale with a carrying amount of JD 5,519,545 as a result of the Company's plan to sell these plots of land. The fair value of the plots of land were estimated by real estate experts at a value of JD 8,899,450 as of 31 December 2016.

(8) TRANSACTIONS WITH RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

Pricing policies and terms of the transactions with related parties are approved by the Company's management.

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(8) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Following is a summary of balances with related parties included in the statement of financial position:

	Nature of relationship	30 September 2017	31 December 2016
		JD	JD
		(Unaudited)	(Audited)
Due to a related party			
Bank Alkhair	Parent Company	90,895	90,895
Al-Salam Company	Sister Company	-	7,116
		<u>90,895</u>	<u>98,011</u>

Salaries and remunerations for key management

The total salaries and bonuses paid to executive management for the period ended 30 September 2017 amounted to JD 99,000 (30 September 2016: JD 99,000).

(9) CASH ON HAND AND AT BANKS

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Cash on hand and Cash at banks	1,037,713	178,906
Restricted cash*	90,992	14,222
	<u>1,128,705</u>	<u>193,128</u>

* This amount consists of cash receipts from the lessees of Taj Life Style in addition to amounts received for capital increase (if any) which were deposited in a guarantees account for the benefit of the syndicated loan and the related operating activities expenses of the project, as per the requirement of the syndicated loan agreement.

The cash and cash equivalents presented in the cash flow statement represent the following:

	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and Cash at banks	1,128,705	917,593
Less : restricted cash	(90,992)	(214,724)
	<u>1,037,713</u>	<u>702,869</u>

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(10) SYNDICATED LOAN

The Company has signed a JD 40,000,000 syndicated loan agreement on 18 January 2010 managed by The Housing Bank for Trade and Finance, during September 2011 the Company has raised additional financing of JD 20,000,000 to arrive at JD 60,000,000 aggregate amount of term loan facility.

The landsite of the mall, which is located in Abdoun, was pledged as a collateral for the loan.

The interest rate on the syndicated loan calculated using the weighted average prime lending rate of all lenders, plus a marginal rate of 1%.

The utilized loan balance is payable in equal quarterly installments. The first installment related to the initial JD 40,000,000 portion of the loan was due after thirteen months from delivering the final project from the technical consultant which was at 1 July 2012 and the final installment was due in eight years and nine months from the date of the syndicated loan bank agreement. The first installment related to the additional financing of JD 20,000,000 was due after 26 months from delivering the final project from the technical consultant.

On 30 August 2015 the Company has signed an amendment and waiver agreement, based on the agreement the last payment for the total balance loan of JD 60,000,000 has been rescheduled to be 18 January 2024. In addition to this the interest rate calculation has been changed to be calculated using weighted average prime lending rate of all lenders minus annual margin of 2,42%.

As per the amendment agreement the Company undertakes to complete the sale of the three plots of land classified as held for sale (note 7) and to utilize the proceeds from the sale to prepay JD 7.5 million from the loan future installments. During the year 2015 the Company has paid JD 5,895,692. During September 2017 the company has paid the remaining balance of the prepayment amounted to JD 1,604,308 based on that the lead arranger and the lenders waived the Company from the undertaking related to plots of land.

The loan agreement contains covenants relating to financial ratios and others relating to additional borrowings. According to the loan agreement, the entity has to calculate these ratios and ensure compliance with them on an annual basis.

The allocation of the Company's loans as short term and long term is as follows:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Total current	3,874,515	5,478,824
Total non-current	30,133,536	34,242,654
	<u>34,008,051</u>	<u>39,721,478</u>

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
 NOTES TO THE INTERIM FINANCIAL STATEMENTS
 30 SEPTEMBER 2017 (UNAUDITED)

(10) SYNDICATED LOAN (CONTINUED)

The annual installment amount and due dates for the long term loans are as follows:

	<u>JD</u>
2018	1,369,706
2019	5,478,824
2020	5,478,824
2021	5,478,824
2022 and more	12,327,358
	<u>30,133,536</u>

(11) EARNINGS PER SHARE

	<u>For the three months ended 30 September</u>		<u>For the nine months ended 30 September</u>	
	<u>2017</u> (Unaudited)	<u>2016</u> (Unaudited)	<u>2017</u> (Unaudited)	<u>2016</u> (Unaudited)
Profit for the period attributable to the equity holders (JD)	916,894	876,064	2,941,242	2,671,158
Weighted average number of shares during the year	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per share	<u>0.010</u>	<u>0.009</u>	<u>0.030</u>	<u>0.027</u>

No figure for diluted earnings per share has been calculated, as there are no potentially dilutive ordinary shares outstanding.

(12) CONTINGENT LIABILITIES

Guarantees

The Company has issued letters of guarantee amounting to JD 184,899 (2016: JD 194,083) against cash margin amounted to JD 31,549 as of 30 September 2017 (2016: JD 32,467) in respect of performance bonds.

Legal claims

The Company is a defendant in a number of lawsuits with a value of JD 572,581 in addition to other cases with no value as of 30 September 2017 (2016: JD 580,308) representing legal actions and claims incident to its ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Accordingly, a provision has been provided against these claims.

(12) CONTINGENT LIABILITIES (CONTINUED)

Legal claims (continued)

An arbitration decision was issued against the Company in relation to the lawsuit filed by one of the contractors concerning the construction of TAJ Mall. As per the arbitration decision the company has to pay JD 1,389,047 to the contractor in addition to paying Interest as per the signed agreement at 9% over an amount of JD 750,900 for the period From 1 October 2012 until the amount is fully paid. The Company had previously provided an amount of JD 1,274,977 as a provision against the lawsuit that has been capitalized to investment properties. On 29 October 2017, the Company has entered into a settlement agreement with the Contractor in which the parties have agreed to pay an amount of JD 1,600,000. Based on the settlement agreement, the parties have agreed to drop any legal proceedings between them.

Other contingent liabilities

The Company is contingently liable for governmental fines in case the Company did not develop the land they hold based on the arrangements with Greater Amman Municipality, taking into consideration that the Company has obtained a waiver from these fines, until 30 November 2017.

(13) OPERATING SEGMENT

The Company operates its activities in one major operating segment, which represents leasing activities, the balances and services revenue occurred inside of the Hashemite Kingdom of Jordan.

(14) COMPARATIVE FIGURES

Some of 2016 balances were reclassified to correspond with those of 30 September 2017 presentation. The reclassification has no effect on the profit and equity of the year 2016.